

STATE OF ILLINOIS
SECRETARY OF STATE
DEPARTMENT OF SECURITIES

IN THE MATTER OF: JAMES E. CLEARY JR.

File No: C0200669

NOTICE OF HEARING

TO THE RESPONDENT:

James E. Cleary Jr.
(CRD #: 265551)
3300 N.E. 192 Street
Averturer, Florida 33180

C/o Sterling Financial Investment Group, Inc.
225 N.E. Mizner Boulevard
Suite 400
Boca Raton, Florida 33432-3945

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 (815 ILCS 5) ("the Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 9th day of April, 2003 at 10:00 am, or as soon thereafter as counsel may be heard, before Soula J. Spyropoulos, Esq., or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered revoking James E. Cleary Jr.'s (the "Respondent") registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on May 13, 2002 NASD Regulations, Inc (NASDR) entered a Letter of Acceptance, Waiver and Consent (AWC) submitted by the Respondent

regarding FILE NO. C07020041 which sanctioned the Respondent as follows:

- A. 30 day suspension from association with any NASD member firm in any capacity; and
 - B. \$5,000 fine.
3. That the AWC found that during the period from January 28, 2000 through March 21, 2000, the Respondent used high pressure sales tactics and knowingly made to customers baseless predictions of substantial price increases and material misrepresentations of fact, in connection with his solicitation of orders to purchase low-priced speculative and other securities, in violation of NASD Conduct Rule 2110.
 4. That Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
 5. That NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
 6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130 (the "Rules")), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. Your failure to file an answer within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

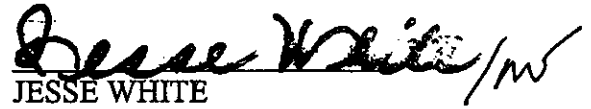
A copy of the Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department is included with this Notice.

Notice of Hearing

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Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 20th day of February, 2003.

A handwritten signature in black ink, appearing to read "Jesse White", followed by a stylized mark that looks like a checkmark or the letters "mw".

JESSE WHITE
Secretary of State
State of Illinois

Attorneys for the Secretary of State:

Daniel Tunick
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Hearing Officer:

Soula J. Spyropoulos
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Chicago, Illinois 60646
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